

Message Text

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12

ACTION NEA-09

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FM AMEMBASSY ABU DHABI

TO SECSTATE WASHDC 2813

INFO AMEMBASSY DOHA

AMEMBASSY JIDDA

AMEMBASSY KUWAIT

AMEMBASSY MANAMA

AMEMBASSY MUSCAT

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E.O. 11652: N/A

TAGS: EFIN, TC

SUBJ: UAE BUDGET NEARS FINAL APPROVAL

1. UAE BUDGET FOR 1975 IS SLOWLY MOVING TOWARD COMPLETION. RECENTLY PASSED BY THE FEDERAL ASSEMBLY, IT NOW AWAITS FINAL APPROVAL BY THE FEDERATION SUPREME COUNCIL (THE RULERS OF THE SEVEN EMIRATES).

2. UNOFFICIAL FIGURES FROM THE UAE MINISTRY OF FINANCE AND INDUSTRY GIVE THE TOTAL BUDGET AS 2,788 MILLION DIRHAMS (708 MILLION DOLLARS) ALLOCATED AS FOLLOWS:

(A) CURRENT EXPENDITURES: DH 874 MILLION

1. SALARIES AND WAGES: DH 371 MILLION
2. GENERAL EXPENDITURES: DH 369 MILLION
3. SPECIAL EXPENDITURES: DH 134 MILLION

(B) DEVELOPMENT EXPENDITURES: DH 971 MILLION

1. COMPLETION OF PREVIOUS PROJECTS: DH 771 MILLION

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2. NEW PROJECTS: DH 200 MILLION

(C) REIMBURSEMENT TO ABU DHABI DEPARTMENT OF HEALTH, EDUCATION AND INFORMATION FOR THEIR PERFORMANCE OF FEDERAL RESPONSIBILITIES: DH 433 MILLION

(D) REMAINDER FOR CAPITAL INVESTMENTS, DEFENSE, AND LOANS TO IBRD, IMF AND VARIOUS MULTILATERAL BANKS AND FUNDS: DH 510 MILLION (ALTHOUGH CONTRIBUTIONS MAY BE FORMALLY DONATED BY UAE, DECISION POWER ON SUCH GRANTS AND LOANS STILL REMAINS IN HANDS OF ABU DHABI.)

3. UNTIL THE BUDGET IS FINALLY APPROVED, ABU DHABI WILL ADVANCE DH 800 MILLION TO ENABLE THE UAE TO MEET ITS OUTSTANDING OBLIGATIONS (SUCH AS CONTRACTORS' PAYMENTS) AND TO ALLOW IT TO COMPLETE UNFINISHED PROJECTS.

4. THE NEW BUDGET ALLOCATES A RELATIVELY SMALL AMOUNT FOR NEW PROJECTS. MOST DEVELOPMENT EXPENDITURES WILL BE DEVOTED TO COMPLETION OF ONGOING PROJECTS, MANY OF WHICH HAVE REMAINED UNFINISHED BECAUSE OF UNFORESEEN COST INCREASES. PLANNED NEW PROJECTS ARE NOT LISTED IN DETAIL IN THE BUDGET -- ONLY A TOTAL FIGURE IS GIVEN. THIS LACK OF DETAILS IS REPORTEDLY DUE TO THE FACT THAT NOT ALL UAE MINISTRIES SUBMITTED THEIR PROJECT NEEDS TO THE FINANCE OFFICE IN TIME TO GO INTO THE BUDGET.

5. THERE ARE CONFLICTING STORIES ABOUT WHO IS FOOTING FEDERATION'S BILLS THIS YEAR. ACCORDING TO SOURCES IN THE UAE MINISTRY OF FINANCE AND INDUSTRY, SHAIKH RASHID OF DUBAI WILL FINALLY COUGH UP HIS SHARE. THE ABU DHABI FINANCE DEPT., HOWEVER, CLAIMS THAT IT WILL AGAIN BE PAYING THE ENTIRE COST OF THE UAE BUDGET. WHEN THE ASSEMBLY QUESTIONED THE MINISTER OF FINANCE (WHO IS ALSO SHAIKH RASHID'S SON) ABOUT WHY THE BUDGET MADE NO MENTION OF EACH EMIRATE'S CONTRIBUTION, THE MINISTER REPLIED THAT HIS MINISTRY HAD NO POWER TO IMPOSE ANY OBLIGATION ON ANY EMIRATE, IN EFFECT TELLING THE ASSEMBLY, "SO YOU WANT I SHOULD ORDER MY FATHER TO PAY?" HE ADDED THAT ONLY THE SUPREME FEDERAL COUNCIL (THE SEVEN RULERS) COULD DO SO. ANY CONTRIBUTION, HOWEVER TOKEN, BY SHAIKH RASHID, WOULD MARK A MAJOR CHANGE IN HIS ATTITUDE TOWARD THE FEDERATION, AN ORGANIZATION WHICH HE HAS TENDED TO DISPARAGE LIMITED OFFICIAL USE

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DESPITE THE FACT THAT HE IS FEDERAL VICE PRESIDENT AND HIS SONS HOLD KEY MINISTERIAL POSITIONS.

6. IN ANY CASE, ABU DHABI WILL BE PAYING MOST, IF NOT ALL, OF UAE BILLS. THUS UAE BUDGET IS IN FACT JUST ONE PART OF MUCH LARGER ABU DHABI BUDGET, WHICH SHOULD ALSO BE APPROVED WITHIN TWO WEEKS. EMBASSY WILL REPORT IN MORE DETAIL WHEN COMPLETE BUDGETS ARE ISSUED.

PALE

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